



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt
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m/37/084

FACSIMILE COVER SHEET

DATE: Dec 14, 2000

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 12

TO: Kurt Seel
AGA

FAX NUMBER: 366-0352

FROM: Joelle
Minerals Reclamation and Development Program

PHONE: (801) 538-5291

FAX: (801) 359-3940

SUBJECT: RC & Security Farms - Catter Corp.
m/037/084

REMARKS: SITLA holds bond referenced by
the reclamation contract.

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TRANSACTION REPORT

P. 01

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FAX NUMBER: 366-0352

FROM: Joelle
Minerals Reclamation and Development Program

PHONE: (801) 538-5291

From: Kurt Seel
To: Burns, Joelle
Date: 12/18/00 11:43AM
Subject: RC and Surety Forms - Cotter Corp - Papoose Mine

M/037/084

Joelle,

Thanks for sending the above proposed Reclamation Contract and SITLA Bond of Lessee, for the Cotter Papoose Mine, M/037/084. Overall it looks good. I have two comments.

1) The "State of Utah Bond of Lessee" is payable to SITLA, and is for the use of SITLA and any patentee or purchaser of the covered land. Although the surety is required to pay for damages which arise from violations of the Division's or the Board's regulations, the bond is designed to protect SITLA, not the Division. More importantly, the SITLA bond covers all sorts of things other than reclamation. As a result, if the bond amount is estimated to be only the cost of reclamation, but it actually goes to pay "rents, royalties," and other damages, costs, penalties, interest, expenses, etc., the residual amount may not cover the reclamation costs, i.e., which costs gets the highest priority - reclamation or "other"? Please be aware that there may not be enough bond money left over to pay for reclamation if SITLA elects to deduct its "other" expenses before paying for reclamation.

2) The "escalation year" on the reclamation contract is "2000", which is all but over. Should this be revised to indicate the next escalation year??

Otherwise, it looks fine. Please contact me if you have any questions, comments or concerns. Kurt Seel.